



**Dow Services Trustees UK Limited**  
5 Oakwater Avenue  
Cheadle Royal Business Park  
Cheadle  
Derbyshire  
SK8 3SR

Telephone: +44 (0) 1663 746518  
Facsimile: +44 (0) 1663 746605

June 2022

**TO ALL MEMBERS OF THE DCL SECTION OF THE DOW SERVICES UK PENSION PLAN**

Dear Member

**Dow Services UK Pension Plan (“the Plan”) – Recent developments for the DCL Section of the Plan (the “DCL Section”)**

You may recall that in December 2021, the Trustee of the Plan wrote to you to inform you that we have been able to agree an insurance policy in relation to your benefits. I am pleased to now share some further details on the insurance policy and how it positively impacts the security of your benefits.

**Securing the DCL Section’s benefits**

As you will know from our Spotlight updates, in recent years we have been working to reduce risk in both Sections of the Plan. The ultimate aim of these efforts is to ensure that members receive all the benefits they are entitled to under the Plan. The aim is also to reduce or remove the impact on the DCL Section in the event that investment markets do not perform as expected or members live longer than expected, and so to reduce the chance of needing to rely on Dow Silicones UK Limited (“the Company”) for further contributions.

A period of positive asset returns and favourable market conditions towards the end of 2021 meant the funding level of the DCL Section significantly improved which allowed the Trustee to take the additional step in its risk reduction strategy to purchase an insurance contract with Rothesay Life Plc (“Rothesay”), following a thorough review of the market and a competitive tender process. Under the terms of this contract, which is known as a “buy-in”, Rothesay will provide the Plan with sufficient funds each month to meet payments due to members of the DCL Section. The contract meets the aims listed above: it removes the risks that investment markets do not perform as expected and that members live longer than expected, and it removes all but a negligible requirement for future reliance on the Company. As such, the contract ensures that the Trustee is able to pay the benefits that members are entitled to under the DCL Section.

The Trustee received detailed professional advice throughout the process from their legal advisers, Sackers, and their actuarial advisers, WTW. The Company was involved in the process and fully supported the Trustee decision to proceed.

**Rothesay**

Rothesay is a UK regulated insurer with an established reputation for insuring defined benefit pension schemes such as the Plan. Information on the data exchanged between the Trustee and Rothesay was provided in our update in December 2021. You can also request this information at any time from the DCL Section’s administrator, Aon.

As Rothesay is regulated by the Prudential Regulation Authority (the “PRA”) and the Financial Conduct Authority (the “FCA”), the DCL Section will benefit from the security of a policy that is subject to the strict regulatory regime that governs insurance companies in the UK. As part of the tender process, the Trustee considered the financial strength of Rothesay and commissioned an

independent assessment to confirm that Rothesay is a suitable counterparty with which to undertake this transaction. The Trustee believes that the protection provided for the DCL Section's benefits through Rothesay significantly reduces risk in the Plan. In addition to the PRA and FCA regulation, there is also a "safety net" underlying UK regulated insurers, known as the Financial Services Compensation Scheme, which is designed to provide 100% compensation in the unlikely event that an insurer is unable to pay benefits.

### **The insurance contract**

The Trustee's insurance contract with Rothesay covers the benefits of all members of the DCL Section. The DCL Section continues to be administered by the Trustee and the DCL Section administrator, Aon.

If you are currently receiving a pension from the DCL Section, this continues to be paid in the normal way by Aon on behalf of the Trustee each month.

If you are due a pension from the DCL Section in the future, the deferred pension you have accrued in the DCL Section is unchanged and will be paid when you choose to retire.

### **What do you need to do?**

The Trustee remains responsible for the payment of your benefits and the DCL Section continues to be administered by Aon. You will therefore see no change in the day-to-day operation of the DCL Section.

In order to ensure Rothesay holds the correct data for each member of the DCL Section, the Trustee needs to verify the Date of Birth and Gender it holds for each member. The data held for you is noted on the attached form. **If this information is correct, then you do not need to take any action as a result of receiving this letter. If this information is not correct, please provide the Trustee with your correct details by returning the form [in the enclosed postage paid envelope].**

### **Queries and contact details**

A Frequently Asked Questions section to answer any questions you may have is included at the end of this letter.

I trust you will join the Trustee in welcoming these developments, which remove a very substantial part of the risk remaining in the DCL Section, and secure members' benefits for the future. Should you have any questions regarding any of the points in this letter, please do not hesitate to contact the Plan's administrator using the contact details set out in Question 10.

Yours faithfully



**Andrew Jones**  
**Chair of Trustees**

## Frequently Asked Questions

### 1. What action do I need to take?

If the personal details included in this letter are incorrect then please inform Aon using the enclosed form and postage paid envelope. Otherwise, you do not need to take any action. Pensions will continue to be paid to members as usual and the Trustee's responsibilities to the DCL Section are unchanged.

### 2. What is a "buy-in"?

A 'buy-in' is an insurance policy purchased by a pension scheme to cover the value of the insured members' benefits. Its purpose is to reduce the risk of a pension scheme having insufficient assets to provide member benefits, which could happen if future investment returns on the pension scheme's assets are lower than expected and/or its members live longer (and therefore receive payments from the Plan for longer) than expected. Under a buy-in, these risks are passed to the insurer: the pension scheme's trustees hold the policy as an asset which meets the pension scheme's liabilities, and they receive money from the insurer each month to pay pensions to beneficiaries.

The Trustee of the Plan has recently purchased a buy-in policy with Rothesay which secures payment of the pensions due now and in the future to all members of the DCL Section. The Trustee believes that reducing risk in this way increases the security of your benefits, which is their main priority.

### 3. What happens next?

Rothesay will make a payment to the DCL Section each month, a few days before payments are made, as usual, from Aon to the pensioner members. As annual pension increases are granted, or members come to retire, Rothesay's payments to the DCL Section will incorporate these changes, ensuring the DCL Section always has sufficient funds to make the required payments to its members.

### 4. Will this affect my pension?

**No.** Your benefits will continue to be administered by the Trustee and the DCL Section's administrator, Aon. Any pension currently in payment is unaffected and you will continue to receive the same annual increases as if the buy-in had not been purchased.

If you are a deferred member, you can continue to request a transfer value quotation and subsequently transfer your benefits to another pension arrangement, if you wish to (after receiving independent financial advice if your transfer value is greater than £30,000, in line with current legislation). You will also have the option to take early or late retirement provided that you satisfy the normal DCL Section qualification criteria. Additionally, you can choose to take some of your pension and, where applicable, your Additional Voluntary Contributions (AVCs) as a tax-free cash lump sum at the time you retire. You can also choose to convert your AVCs, if you have them, into additional Plan pension. The investment of your AVCs before retirement remains unchanged.

The terms on which these options are offered are reviewed regularly by the Trustee with advice from the Plan Actuary. Following the purchase of the insurance policy with Rothesay, the Trustee has decided to set these terms in line with those calculated by Rothesay as part of the contract that the Trustee has purchased, replacing those used by the Trustee to date. You should be assured that the Trustee has undertaken a thorough assessment of the terms offered by Rothesay and received professional advice from the Plan Actuary to ensure that this is expected to be a good outcome overall for members.

If you would like to receive any more information on the options available to you from the DCL Section, including individual quotations, please contact Aon in the usual way. Aon will liaise with Rothesay in relation to the calculation of your benefits which in some circumstances may result in a slightly longer response timescale. Please note that it is not necessary for members to contact Rothesay directly and any benefit-related request or query should be made directly to Aon or the Trustee.

## **5. How did the Trustee make this decision?**

The Trustee, alongside the Company, recognises that purchasing a buy-in policy, as and when affordable, is a good way to improve security for members' benefits. Last year, following good investment returns leading to improvements in the DCL Section's funding level, the Trustee decided to approach the insurers who offer buy-ins to understand the cost of insuring DCL Section members' benefits. Quotations were received from five insurers. The Trustee viewed the pricing received as attractive, particularly because the buy-in could be afforded within the DCL Section's existing assets.

The Trustee, alongside their advisers and the Company, then ran a competitive process to negotiate price reductions and understand more details of the insurers' businesses and their financial strength. This included meeting three of the insurers via video conference to receive presentations on their businesses and ask questions about how the insurers would work with the Trustee. The result of this selection process was that the Trustee decided that Rothesay was their preferred partner for the buy-in.

## **6. What is the additional security for my benefits?**

Rothesay is a specialist insurance company focused on offering buy-ins and buyouts to pension scheme trustees. Insurance companies in the UK are heavily regulated by the Prudential Regulatory Authority (the "PRA") who require them to hold additional money so that they will be able to pay benefits to members even if there is a very significant 'shock' event. In addition to this regulation, there is also a "safety net" underlying UK regulated insurers, known as the Financial Services Compensation Scheme, which is designed to provide 100% compensation in the very unlikely event that Rothesay is unable to pay benefits.

## **7. Does this investment affect the DCL Section's relationship with the Company?**

No. Dow Silicones UK Limited remains ultimately responsible for funding the Plan, including the DCL Section.

## **8. Have any other pension funds done this?**

Yes, many other pension schemes have bought such buy-in policies with insurers.

## **9. Does Rothesay hold my personal data?**

In order for the Trustee to enter into the contract, it was necessary to share some personal data on the membership to Rothesay. The process for doing this was in accordance with GDPR requirements. A copy of Rothesay's Privacy Notice was shared with members in December 2021.

## **10. Who should I contact with any questions about my pension or about the information contained in this letter?**

You should contact the Trustee via the Aon administration team using the contact details below:

**Email:** DCLPensions@aon.com

**Phone:** 0345 602 9505

**Post:** The Dow Services UK Pension Plan, Aon, PO Box 196, Huddersfield, HD8 1EG

Member Name: «Title»«Forenames» «Surname»  
Reference: «Ref»

Please check each of the details below to ensure the administrators hold the correct information about you.

If the information is incorrect or missing – please insert the correct information in Box A.

Data Item	Information Currently Held	Box A
Date of Birth	«DOB»	
Gender	«Gender»	

Please complete this form in **BLACK INK** and **BLOCK CAPITALS**.

Name: ..... (BLOCK CAPITALS)

Signed: ..... Date: .....

Please provide a contact number, so that we can call you if we have any questions about your form:

Contact number: .....

---

## Documents

To reduce the risk of identity theft, we recommend that you send your original certificates or your original/certified proof of identity documents to us by recorded delivery and we'll return them in the same way.

**Return address for documents:**

## Certificates

Please provide the **Original birth, adoption or gender recognition certificate** (via post).

If your name has changed, the documents you send us must show a clear link between the name on the documents that you provide and the name on our records. To do this, you may need to provide us with the relevant document from the list below:

- **Original marriage, original civil partnership, original gender recognition, or original adoption certificate** (via post)
- **Deed of name change or decree absolute** – we can accept an original or a certified copy (via post), or you can email us a colour scanned copy of the original or a colour photograph of the original

### Original documents

For certain documents (shown above) we can only accept original versions.

### Certified copies

Where we can accept certified copies, these must be sent via post and be clearly legible. The individual providing the certification should include a statement with the following wording: 'certified as a true copy of the original' as well as all of the following: date of certification, their name and signature, their position/job title, their business contact details (and business stamp if available).

Individuals who can provide certification are people in an independent professional position. These can include any individuals who are covered by the Money Laundering Regulations. Other examples are: financial adviser, GP/doctor, civil servant, lawyer/solicitor, bank manager, accountant, teacher, notary, employer (someone in a senior position e.g. director/HR manager).

If the certificates you send us are issued by countries outside the UK and they're not in Western alphabet, you should send us a translation from an independent third party such as a lawyer, a legal firm or a professional translator. The translation should be provided on official letterhead and clearly show the status of the third party providing the translation services, including a signature and date.